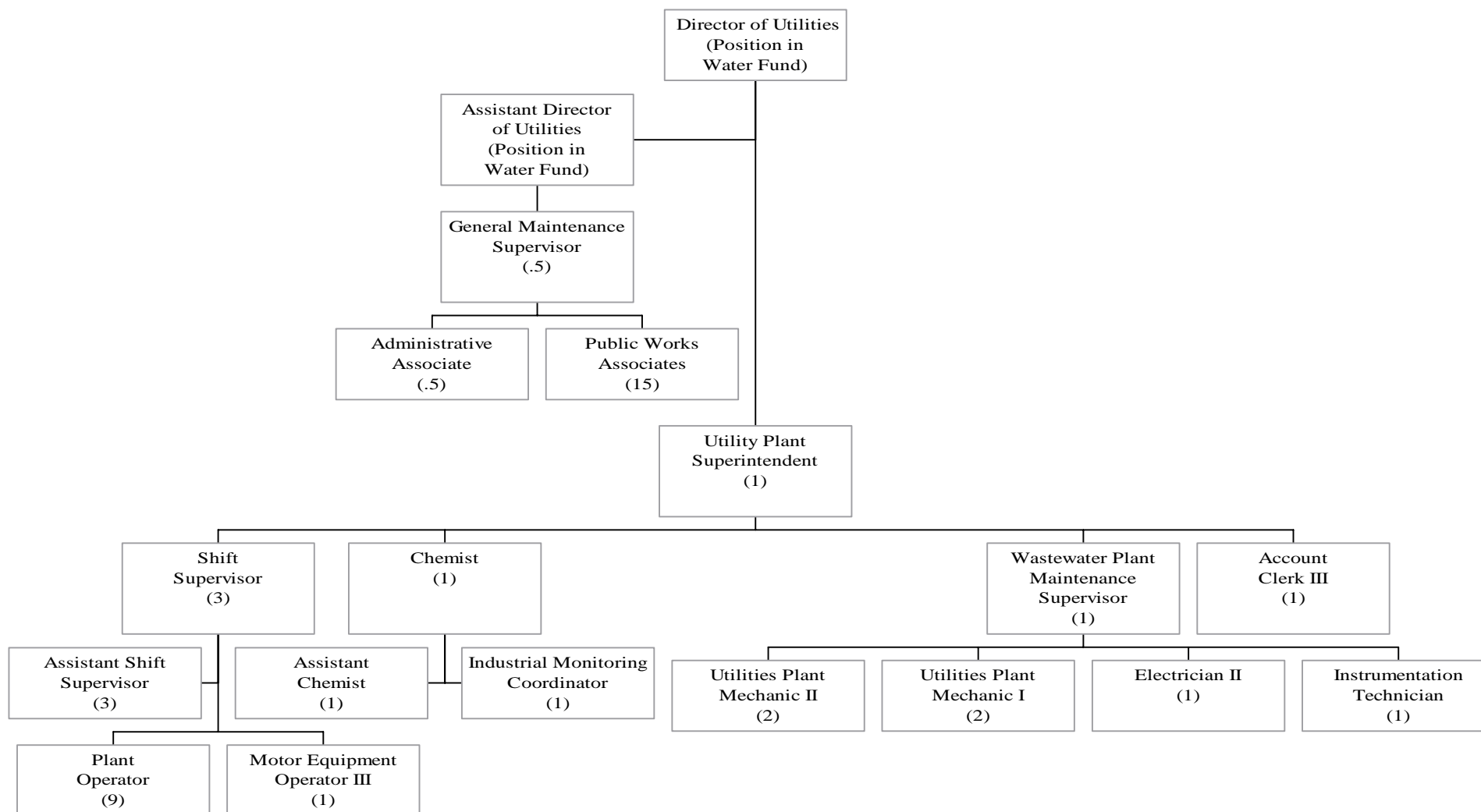


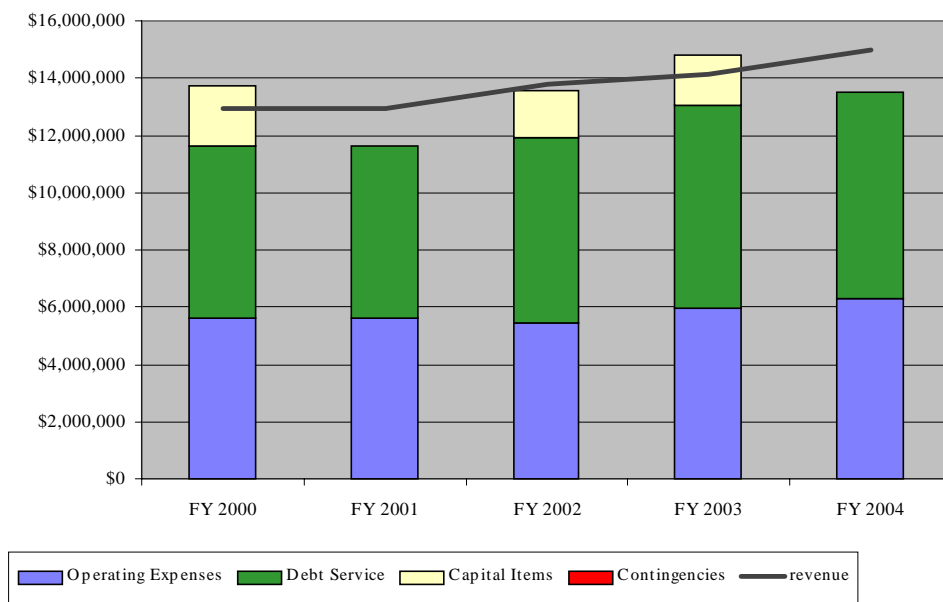
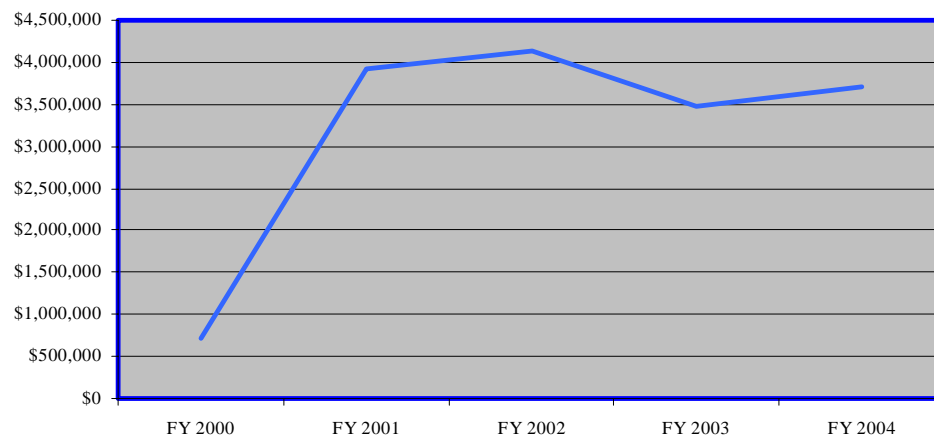


Sewer Fund (Public Works – Utilities Division)



**Sewer Fund Description**

The Public Works Department Utilities Division operates a regional wastewater treatment plant that can treat up to 22 million gallons a day of domestic and industrial wastewater. Wastewater is treated to Federal and State water quality standards before being discharged into the James River. Wastewater service is provided to approximately 80% of the citizens and businesses in Lynchburg. Service is also provided to parts of Amherst, Bedford and Campbell Counties under the terms of the 1974 Regional Institutional Wastewater Treatment Agreement. Under this agreement, the counties share in 20% of the operating and capital expenses of the wastewater treatment plant. The Utilities Division also cleans monitors and repairs the wastewater collection system, including an extensive network of sanitary and combined sanitary/storm drains. The City built its original combined sewer system at the turn of the century and is now renovating it to meet new federal and state standards.

Revenues & Expenses**Ending Funds**



Sewer Fund

FUND SUMMARY

	Actual FY 2002	Adopted FY 2003	Amended FY 2003	Manager's Proposed FY 2004	Adopted FY 2004
Beginning Funds	\$3,926,133	\$3,498,384	\$4,134,549	\$3,471,474	\$3,692,579
Revenues:					
Charges for Services	10,498,160	11,813,896	11,503,063	12,261,163	12,261,163
Sewer Contracts	3,060,051	3,068,765	2,504,758	2,591,585	2,591,585
Interest & Other	227,971	211,345	118,500	126,185	126,185
Total Revenues	13,786,182	15,094,006	14,126,321	14,978,933	14,978,933
Expenses:					
Operating -Departmental	3,733,438	4,481,868	4,112,565	4,359,328	4,388,697
Operating -Non-Departmental	1,723,643	1,933,361	1,865,138	1,963,602	1,934,233
Debt Service	6,458,655	7,385,274	7,058,042	7,170,063	7,170,063
Capital Purchases & Transfers	1,662,030	1,708,651	1,753,651	1,242,500	1,242,500
Total Expenses	13,577,766	15,509,154	14,789,396	14,735,493	14,735,493
Ending Funds¹	\$4,134,549	\$3,083,236	\$3,471,474	\$3,714,914	\$3,936,019
Key Financial Ratios:					
Debt Coverage Ratio Target	1.20	1.20	1.20	1.20	1.20
Debt Coverage Ratio	1.29	1.18	1.15	1.21	1.21
Fund Balance Ratio Target	25%	25%	25%	25%	25%
Fund Balance Ratio	30%	20%	23%	25%	25%

¹ Ending FY 2002 funds have been restated to reflect cash balance and other items expected to be converted to cash within 90 days after June 30 of each year.

**Sewer Fund****REVENUE SUMMARY**

	Actual FY 2002	Adopted FY 2003	Amended FY 2003	Manager's Proposed FY 2004	Adopted FY 2004
Charges for Services:					
Retail Volume Charges	\$9,236,823	\$10,588,864	\$10,378,500	\$11,116,350	\$11,116,350
Meter Charges	419,563	420,784	421,563	423,563	423,563
Septic Hauler Charges	267,017	339,691	225,000	231,750	231,750
Sewer Backwash Charge	100,000	104,000	100,000	103,000	103,000
Leachate Treatment	50,000	52,000	50,000	51,500	51,500
Industrial Surcharges	46,531	54,115	50,000	51,500	51,500
Industrial Monitoring Charges	55,021	15,584	25,000	25,750	25,750
Availability Fees	187,186	125,000	150,000	150,000	150,000
Connection Charges	109,046	93,000	83,000	87,150	87,150
Sewer Cost Plus	21,469	15,289	15,000	15,450	15,450
All Others	5,504	5,569	5,000	5,150	5,150
Total Charges for Services	10,498,160	11,813,896	11,503,063	12,261,163	12,261,163
Sewer Contracts					
Amherst	368,370	328,621	395,363	401,495	401,495
Bedford	802,705	273,658	290,718	292,332	292,332
Campbell	196,637	191,064	342,116	211,118	211,118
Industrial	1,692,339	2,275,422	1,476,561	1,686,640	1,686,640
Total Sewer Contracts	3,060,051	3,068,765	2,504,758	2,591,585	2,591,585
Interest & Other:					
Interest	189,628	167,745	80,000	87,685	87,685
State Highway Maintenance	38,500	38,500	38,500	38,500	38,500
All Other	(157)	5,100	0	0	0
Total Interest & Other	227,971	211,345	118,500	126,185	126,185
Total Revenues	\$13,786,182	\$15,094,006	\$14,126,321	\$14,978,933	\$14,978,933



Sewer Fund

EXPENDITURE SUMMARY

	Actual FY 2002	Adopted FY 2003	Amended FY 2003	Manager's Proposed FY 2004	Adopted FY 2004
Departmental:					
Salaries	\$1,110,034	\$1,322,615	\$1,270,489	\$1,324,004	\$1,347,901
Fringe Benefits	369,419	394,535	378,632	414,893	420,365
Supplies & Materials	356,920	362,900	426,900	390,700	390,700
Sludge Disposal - Landfill	557,488	700,000	600,000	761,025	761,025
Chemicals	260,249	566,000	248,488	402,707	402,707
Gasoline / Fuel	26,940	24,141	19,600	2,600	2,600
Internal Service Charges	97,479	77,377	92,845	101,630	101,630
Rentals & Leases	2,892	3,200	3,700	3,800	3,800
Utilities	334,997	555,000	411,600	433,019	433,019
Building & Grounds	12,121	9,500	9,500	8,750	8,750
Contractual Services	589,082	446,500	619,161	485,400	485,400
Training & Meetings	9,093	13,000	14,500	15,000	15,000
Miscellaneous	6,724	7,100	17,150	15,800	15,800
Total Departmental	\$3,733,438	\$4,481,868	\$4,112,565	\$4,359,328	\$4,388,697
Non-Departmental:					
General Fund Payments	\$953,935	\$1,056,665	\$1,056,665	\$1,056,665	\$1,056,665
Water Fund Payments	460,000	460,000	460,000	500,000	500,000
Self Insurance	54,050	99,517	99,517	143,759	143,759
Retirees Health Insurance	42,278	41,696	41,696	56,696	56,696
Financial Audit	23,700	21,000	24,000	25,000	25,000
Estimated Uncollectable Accounts	121,995	60,000	60,000	60,000	60,000
Financial Services	18,733	61,800	24,000	0	0
Banking Services	4,726	5,390	5,390	4,800	4,800
Legal & Professional	37,072	100,000	50,000	50,000	50,000
Compensation Plan Adjustment	0	9,084	10,000	43,682	14,313
IT Systems	0	0	0	8,000	8,000
PIER	0	12,500	0	0	0
All Other	7,154	5,709	33,870	15,000	15,000
Total Non-departmental	\$1,723,643	\$1,933,361	\$1,865,138	\$1,963,602	\$1,934,233
Capital Purchases and Transfers:					
Transfer to Sewer Capital Fund	\$1,385,012	\$1,250,000	\$1,250,000	\$800,000	\$800,000
Transfer to City Fleet Fund	261,266	448,651	448,651	297,000	297,000
Transfer to General Fund	8,030	0	0	0	0
Capital Purchases	7,722	10,000	55,000	145,500	145,500
Total Cap. Purchases & Transfers	\$1,662,030	\$1,708,651	\$1,753,651	\$1,242,500	\$1,242,500



Public Works Utilities Division Sewer Line Maintenance. Provides installation, maintenance, cleaning and repair of sanitary sewer lines and sewer services as well as monitoring of overflow points. Performs line inspections using TV cameras. Provides vermin control. Manages stormwater and maintains retention pond grounds. Maintenance of storm and sanitary sewer lines provides flood and pollution control, thus promoting the welfare and health of the public. Services are federally mandated by the Clean Water Act. Oversight is provided by the Department of Environmental Quality.

BUDGET SUMMARY

By Object Code:	Actual FY 2002	Adopted FY 2003	Amended FY 2003	Manager's Proposed FY 2004	Adopted FY 2004
Salaries	\$352,208	\$419,716	\$391,176	\$439,751	\$447,714
Fringe Benefits	120,357	130,381	123,643	142,140	143,963
Supplies & Materials	98,155	105,700	105,700	114,300	114,300
Gasoline / Fuel	14,002	18,948	16,600	17,883	17,883
Internal Service Charges	86,707	65,321	81,708	70,634	70,634
Rentals & Leases	835	1,000	1,500	1,500	1,500
Utilities	1,309	3,000	3,700	2,700	2,700
Buildings & Grounds	432	500	500	350	350
Contractual Services	132,648	55,000	52,600	55,900	55,900
Training & Meetings	2,038	3,000	4,500	5,000	5,000
Miscellaneous	832	1,100	1,650	300	300
Total	\$809,523	\$803,666	\$783,277	\$850,458	\$860,244

Performance Data:

# of Authorized Staff Positions	15.5	15.5	15.5	16	16
# of Utility Cuts	106	200	120	120	120
# of Manholes / Line Repairs	161	150	160	160	160
LF of Lines TV Inspected	150,358	70,000	150,000	150,000	150,000
LF of Sewer Line Cleaned	294,044	200,000	300,000	300,000	300,000
# of Inlets Cleaned	3,737	2,800	3,000	3,000	3,000
# of Inlets Repaired	348	136	350	350	350
# of Inlets Installed	136	0	0	0	0
# of New Services Installed	136	100	100	100	100
# of Stormwater Facilities Maintained	0	10	15	15	15
# of CSO Outfalls Maintained	0	52	52	52	52
Snow Removal Hours	0	600	0	0	0

***Sewer Line Maintenance Operating Budget Description***

The Proposed FY 2004 Sewer Line Maintenance Operating Fund (Public Works – Utilities Division) budget of \$850,458 represents a 5.82% increase of \$46,792 as compared to the FY 2003 Adopted budget of \$803,666.

Significant changes introduced in the Requested FY 2004 budget include:

- ◆ \$20,035 increase in Salaries due to position realignments.
- ◆ \$11,759 increase in Employee benefits due to rising health and dental insurance costs.
- ◆ \$1,000 decrease in Maintenance and Repair due to reclassification of expenses.
- ◆ \$1,600 increase in Miscellaneous Contractual Services due to reclassification of expenses.
- ◆ \$4,248 increase in Internal Fleet Service charges per historical data.
- ◆ \$8,450 increase in Supplies & Materials due to additional work to be completed on sewer lines and anticipated increase in cost of materials.
- ◆ \$2,000 increase in Travel & Training generated by new programs implemented that require training.
- ◆ \$300 decrease in Telecommunications due to historical trend.

The Department requested \$875,091.

Major items requested not proposed for funding include:

- ◆ \$2,300 reduction in Supplies & Materials.
- ◆ \$20,366 reduction in Fleet Services charges.
- ◆ \$1,000 reduction in Utilities.

The Proposed FY 2004 Sewer Line Maintenance Operating Fund (Public Works – Utilities Division) was adopted with the following changes:

- ◆ \$9,786 increase in Salaries and Fringe Benefits reflecting a two percent general salary increase.

NOTE: Budget presentation as prepared by the Utility Rate Consultant has not been adjusted to reflect the new chart of accounts. Account descriptions for significant changes reflect the new charts of accounts.



Public Works Utilities Division Wastewater Treatment Plant. Performs secondary treatment for an average of 12 million gallons per day (with peaks up to 28 MGD) of domestic and industrial wastewater. Amherst, Bedford, and Campbell Counties partner with the City in this cooperative endeavor. RockTenn wastewater is pretreated, which includes grit removal, screening, and clarification, on the plant site and then combined with the domestic wastewater. The combined wastes receive primary settling, aeration, secondary settling, and disinfection before the effluent is discharged into the James River. Sludge produced from the treatment process is dewatered and landfilled. The plant operates continually. Wastewater is treated to meet national environmental stream standards and to promote the general health and welfare of residents of the region. The services provided are federally mandated by the Clean Water Act. Oversight is provided by the Department of Environmental Quality.

BUDGET SUMMARY

By Object:	Actual FY 2002	Adopted FY 2003	Amended FY 2003	Manager's Proposed FY 2004	Adopted FY 2004
Salaries	\$757,826	\$902,899	\$879,313	\$884,253	\$900,187
Fringe Benefits	249,062	264,154	254,989	272,753	276,402
Supplies & Materials	258,765	257,200	321,200	277,800	277,800
Sludge Disposal - Landfill	557,488	700,000	600,000	761,025	761,025
Chemicals	260,249	566,000	248,488	402,707	402,707
Gasoline / Fuel	12,938	5,193	3,000	3,018	3,018
Internal Service Charges	10,772	12,056	11,137	10,195	10,195
Rentals & Leases	2,057	2,200	2,200	2,300	2,300
Utilities	333,688	552,000	407,900	430,319	430,319
Buildings & Grounds	11,689	9,000	9,000	9,500	9,500
Contractual Services	456,434	391,500	566,561	429,500	429,500
Training & Meetings	7,055	10,000	10,000	10,000	10,000
Miscellaneous	5,892	6,000	15,500	15,500	15,500
Total	\$2,923,915	\$3,678,202	\$3,329,288	\$3,508,870	\$3,528,453

Performance Data:

# of Authorized Staff Positions	29	29	28	28	28
Average Daily Flow in mgd	11	13.5	13.5	13.5	13.5
Average Ddaily BOD in Pounds	29,984	34000	32,000	32,000	32,000
Average Daily TSS in Pounds	27,706	34000	31,000	31,000	31,000
Sludge Landfilled in Tons	22,192	28000	22,000	22,000	22,000
Sludge Hauled in Tons	221	0	200	200	200
# of Pretreatment Inspections	21	28	80	80	80
# of Sur-charge Samples	219	192	225	225	225
Total Cost / mg of Flow	\$728.25	\$746.46	\$675.65	\$712.10	\$716.07

***Wastewater Treatment Operating Expenses Budget Description***

The Proposed FY 2004 Sewer Wastewater Treatment Operating Fund (Public Works – Utilities Division) budget of \$3,508,870 represents a 4.60% decrease of \$169,992 as compared to the Adopted FY 2003 budget of \$3,678,202.

Significant changes introduced in the Requested FY 2004 budget include:

- ◆ \$18,000 decrease in Salaries due to position reclassification.
- ◆ \$8,599 increase in Employee Benefits due to rising health and dental insurance costs.
- ◆ \$31,000 increase in Contractual Services/Maintenance and Repairs based on historical data and inflationary economic indicators.
- ◆ \$10,000 increase in Professional Services for advice on regulatory matters.
- ◆ \$2,000 decrease in Advertising expense based on historical trend.
- ◆ \$15,000 decrease in Large Installations due to reclassifications of expenses per new Chart of Accounts.
- ◆ \$14,000 increase in Miscellaneous Contractual Services due to hauling of excess sludge and the PIER program.
- ◆ \$1,536 decrease in Internal Fleet Service charges due to historical trend.
- ◆ \$144,693 decrease in Supplies & Materials due to optimization efforts in chemical usage for treatment process.
- ◆ \$120,681 decrease in Utilities due to decrease in electricity usage.
- ◆ \$1,000 decrease in Telecommunications due to historical trend.
- ◆ \$10,000 increase in Dues & Memberships due to membership in professional organizations, AMSA and WEF Research Foundation.
- ◆ \$60,525 increase in Miscellaneous other charges for sludge landfill fees increase.

The Department requested \$3,516,057.

Major items requested not proposed for funding include:

- ◆ \$1,400 reduction in Supplies & Materials.
- ◆ \$5,305 reduction in Fleet Service charges.

The Proposed FY 2004 Sewer Wastewater Treatment Operating Fund (Public Works – Utilities Division) was adopted with the following changes:

- ◆ \$19,583 increase in Salaries and Fringe Benefits reflecting a two percent general salary increase.

NOTE: Budget presentation as prepared by the Utility Rate Consultant has not been adjusted to reflect the new chart of accounts. Account descriptions for significant changes reflect the new charts of accounts.



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